

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of

THE APPLICATION OF THE BARNESBURG WATER)
ASSOCIATION, INC., OF PULASKI COUNTY,)
KENTUCKY, FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING AND)
PERMITTING SAID WATER DISTRICT TO CONSTRUCT)
ADDITIONAL WATER LINES, STORAGE TANKS, PUMP)
STATIONS AND RELATED FACILITIES TO SERVE NEW)
AND ADDITIONAL CUSTOMERS, AND (2) FOR APPROVAL)
OF THE WATER RATES PORPOSED TO BE CHARGED BY)
THE ASSOCIATION TO CUSTOMERS OF THE ASSOCIATION,)
(3) APPROVAL OF THE PROPOSED PLAN OF FINANCING)
THE PROPOSED ADDITIONS TO SAID WATER SYSTEM)

CASE NO.
8745

O R D E R

IT IS ORDERED That Barnesburg Water Association, Inc. shall file an original and eight copies of the following information with the Commission by February 2, 1983:

1. Detailed billing analysis for the test year in accordancy with instructions on the attached sheets.
2. Number of new customers and estimated usage per rate increment anticipated after construction.
3. Amount to be charged each customer as contribution in aid of construction (tap-on fee) and cost data upon which this amount is based.
4. The filing requirements of the following sections of the Administrative Regulation (807 KAR 5:001 Procedures): Section 6 - 4, 6, 7 and 9; Section 9 - 1B, 1C, 1E, 2A, 2B, 2C and 2D and Section 10 - B.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8 and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contains the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns No. 2 and 3 are completed by using information obtained from usage records.

Columns No. 4, 5, 6, 7, 8 and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore,
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000
gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000 gallons -
 record in Column 4
 Next 3,000 gallons x 1,830 bills = 5,490,000 gallons -
 record in Column 5
 Next 10,000 gallons - remainder of water over 3,000 =
 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
 650 bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000 gallons -
 record in Column 4
 Next 3,000 gallons x 650 bills = 1,950,000 gallons -
 record in Column 5
 Next 10,000 gallons x 650 bills = 6,500,000 gallons -
 record in Column 6
 Next 25,000 gallons - remainder of water over 10,000 =
 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
 153 bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000 gallons -
 record in Column 4
 Next 3,000 gallons x 153 bills = 459,000 gallons -
 record in Column 5
 Next 10,000 gallons x 153 bills = 1,530,000 gallons -
 record in Column 6
 Next 25,000 gallons x 153 bills = 3,825,000 gallons -
 record in Column 7
 Over 40,000 gallons - remainder of water over 25,000 =
 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7 and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

Example for completing Revenue Table is as follows:

Complete Columns No. 1, 2 and 3 using information from Usage Table.

Complete Column No. 4 using rates either present or proposed.

Column No. 5 is completed by first multiplying the bills times the minimum charge.

Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates

Test Period from 1-1-81 to 12-31-81

USAGE TABLE Usage by Rate Increment

Residential

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------------------|-------|-------------|-----------|------------|-------------|-------------|-------------|------------|
| | Bills | Gallons/MCF | 1st 2,000 | Next 3,000 | Next 10,000 | Next 25,000 | Over 40,000 | Total |
| 2,000: Minimum Bill | 432 | 518,400 | 518,400 | 1,388,000 | 7,118,700 | | | 518,400 |
| 3,000 Gallons | 1,735 | 4,858,000 | 3,470,000 | 5,490,000 | 2,118,700 | | | 4,858,000 |
| 10,000 Gallons | 1,830 | 16,268,700 | 3,660,000 | 1,950,000 | 6,500,000 | 5,525,000 | | 16,268,700 |
| 25,000 Gallons | 650 | 15,275,000 | 1,300,000 | 459,000 | 1,530,000 | 3,825,000 | | 15,275,000 |
| 40,000 Gallons | 153 | 9,975,600 | 306,000 | | | | | 9,975,600 |
| | | | | | | | | |
| | | | | | | | | |
| Total | 4,800 | 46,895,700 | 9,254,400 | 9,287,000 | 15,148,700 | 9,350,000 | 3,855,600 | 46,895,700 |

REVENUE TABLE

Revenue By Rate Increment

| (1) | (2) | (3) | (4) | (5) |
|---------------------|-------|-------------|-------------|---------------------------|
| | Bills | Gallons/MCF | Rate | Revenue |
| 2,000: Minimum Bill | 4,800 | 9,254,400 | \$5.00 Min. | \$24,000.00 |
| 3,000 Gallons | | 9,287,000 | 2.50 | 23,217.50 |
| 10,000 Gallons | | 15,148,700 | 2.00 | 30,297.40 |
| 25,000 Gallons | | 9,350,000 | 1.25 | 11,687.50 |
| 40,000 Gallons | | 3,855,600 | .75 | 2,891.70 |
| | | | | |
| | | | | |
| | | | | \$92,094.10 Total Revenue |